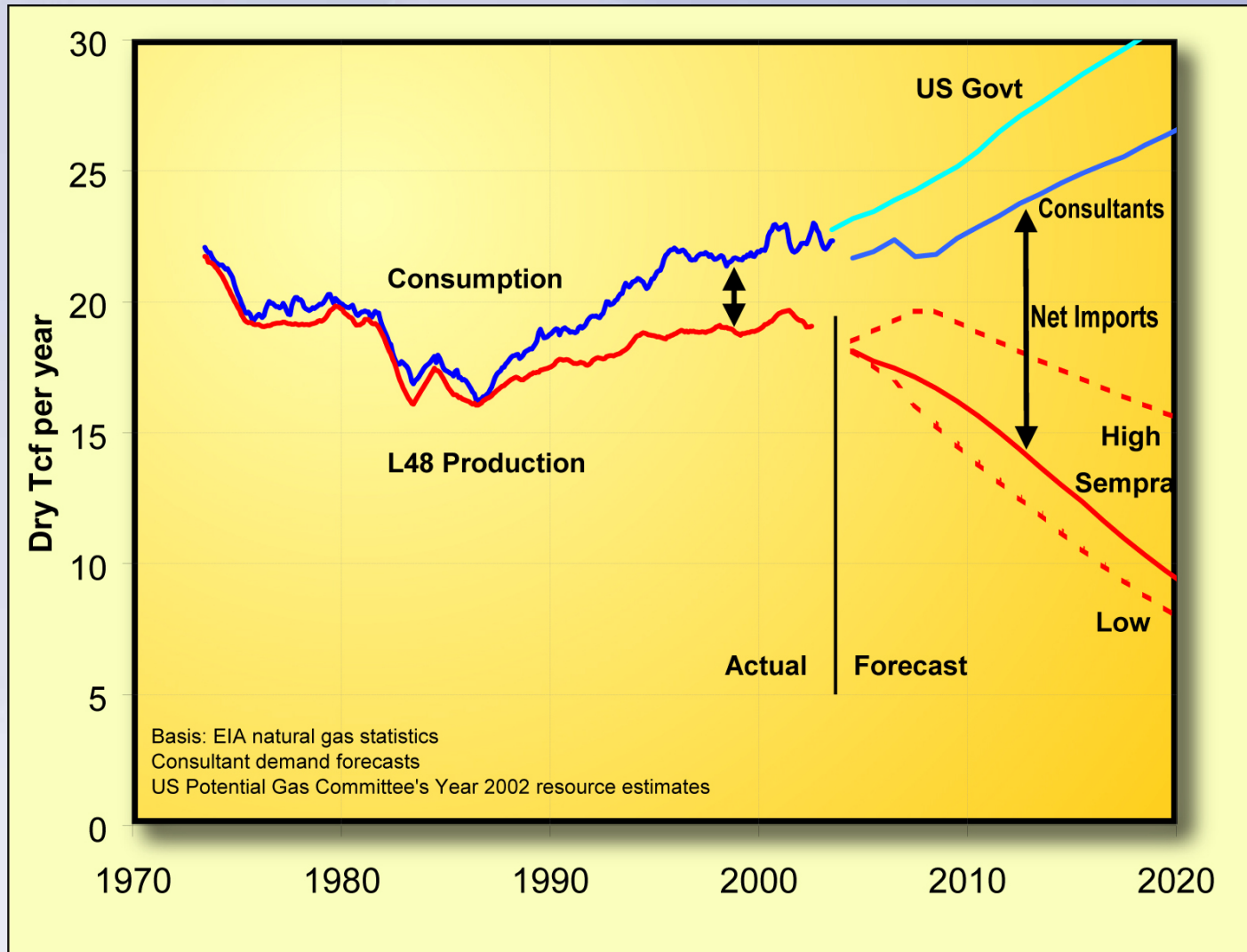


Sempra Energy LNG

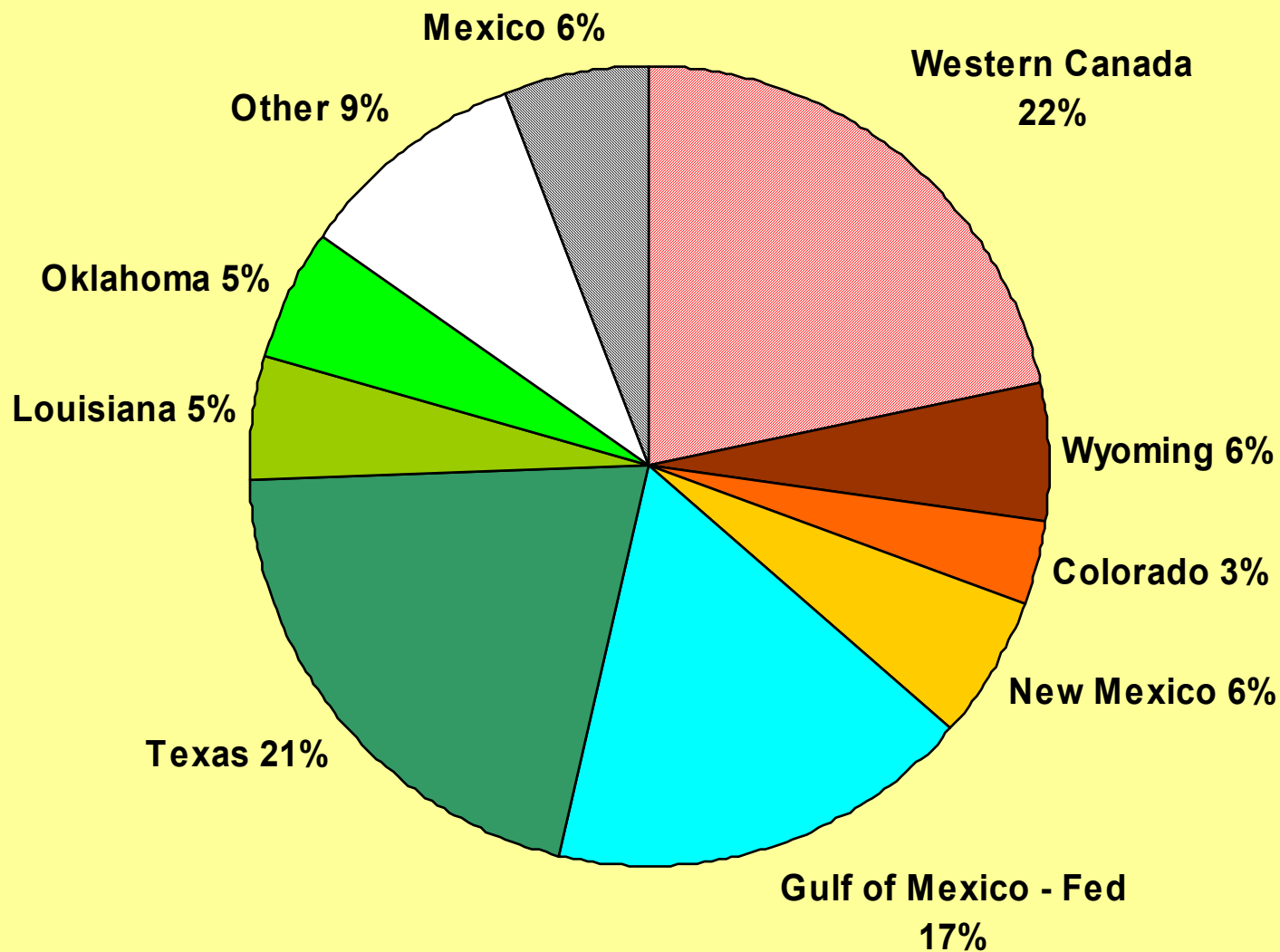
Greg Bartholomew
Vice President, Gas Strategies

December 10, 2003

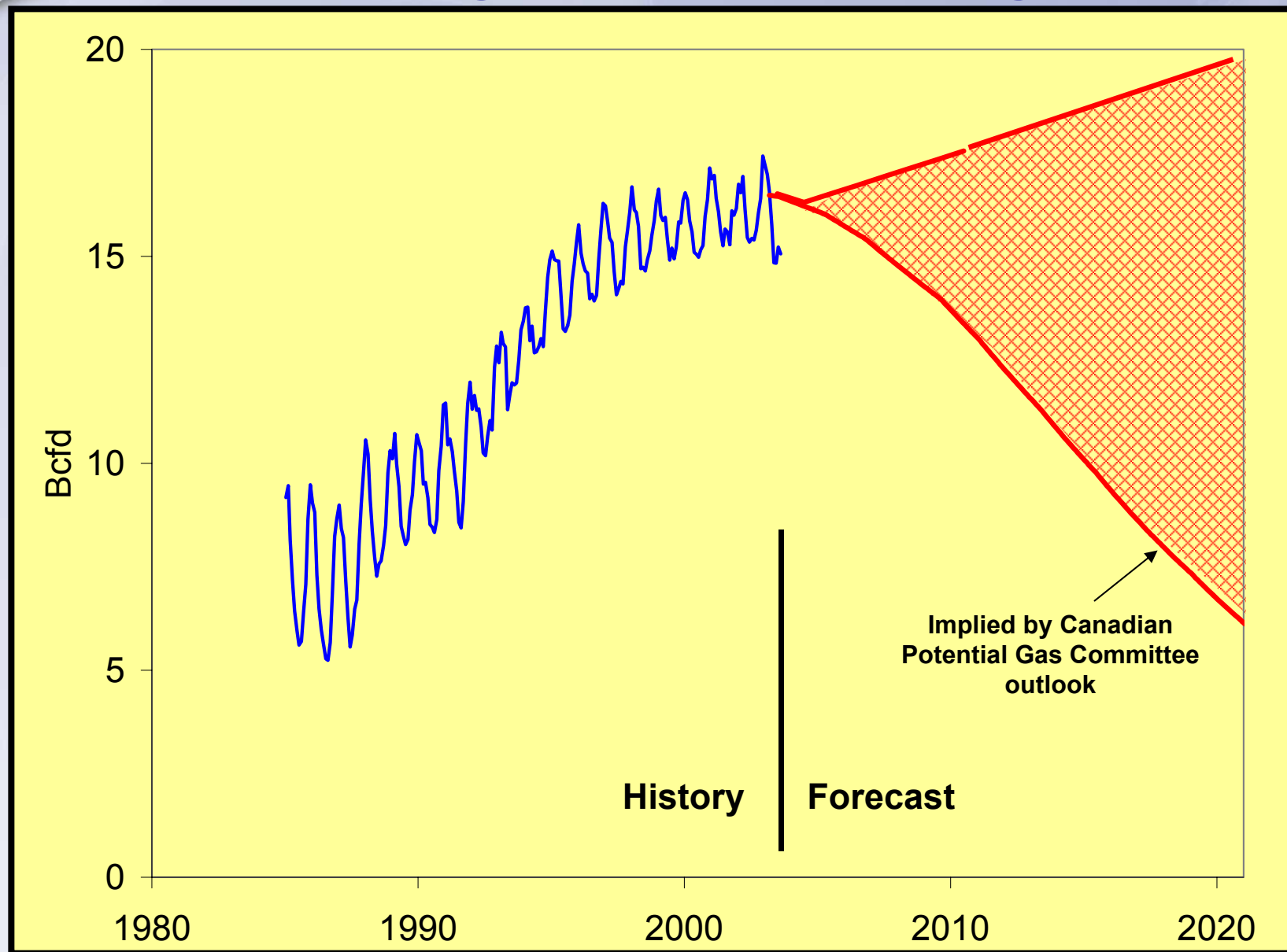
U.S. Natural Gas Supply & Demand



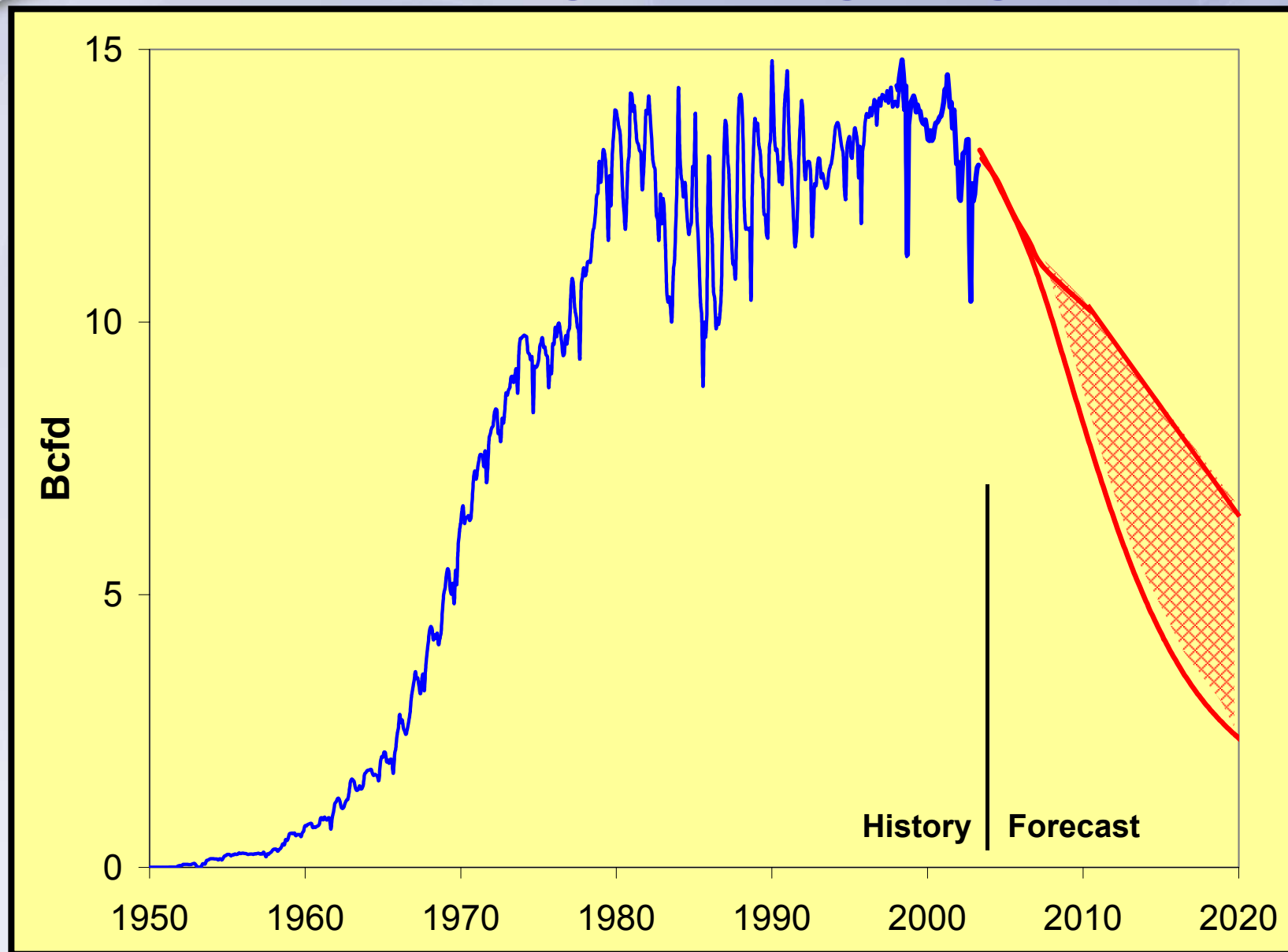
North American Gas Production



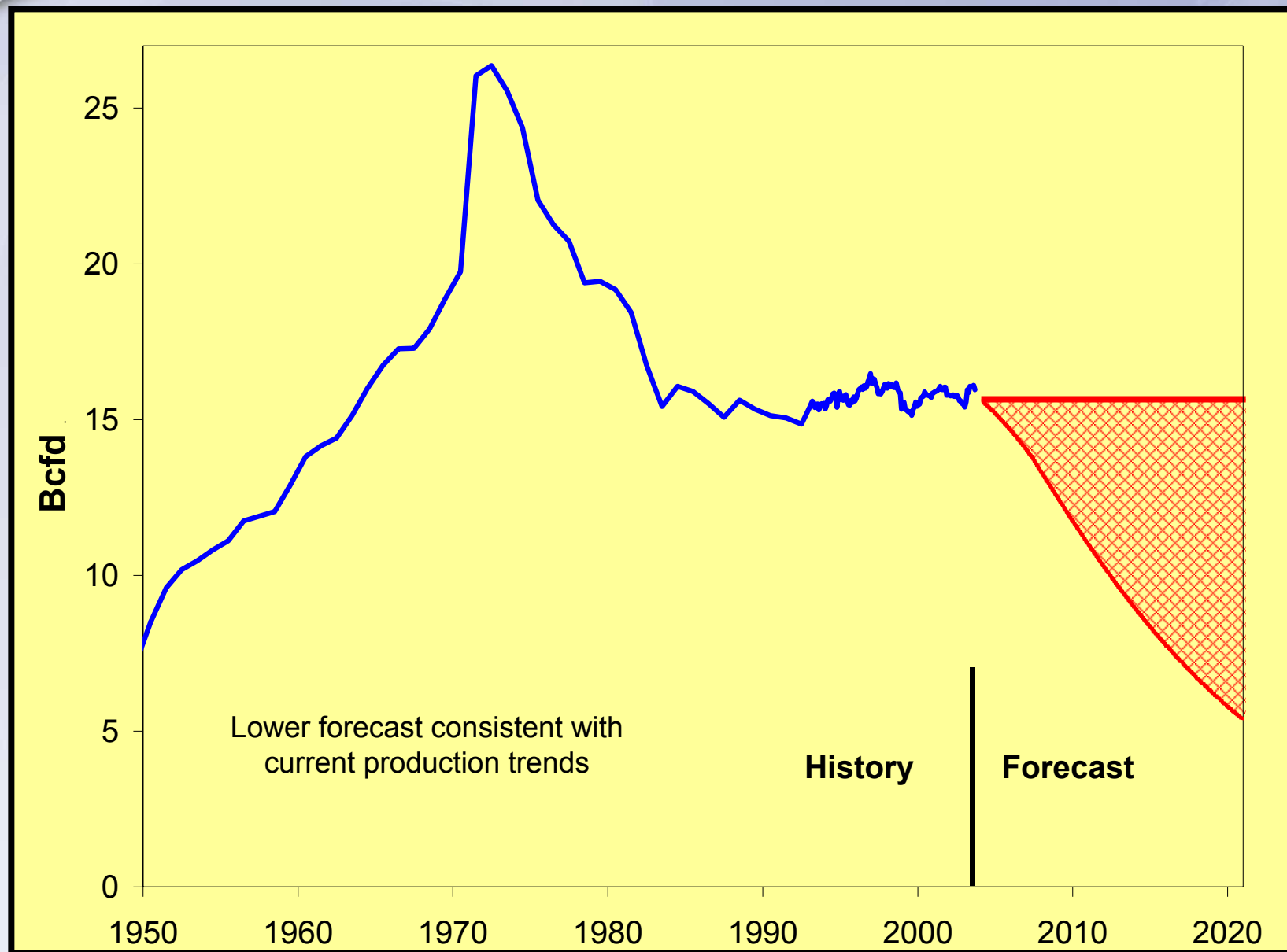
Is WCSB gas production peaking?



Gulf of Mexico gas also beginning to decline



Texas gas production set to decline again



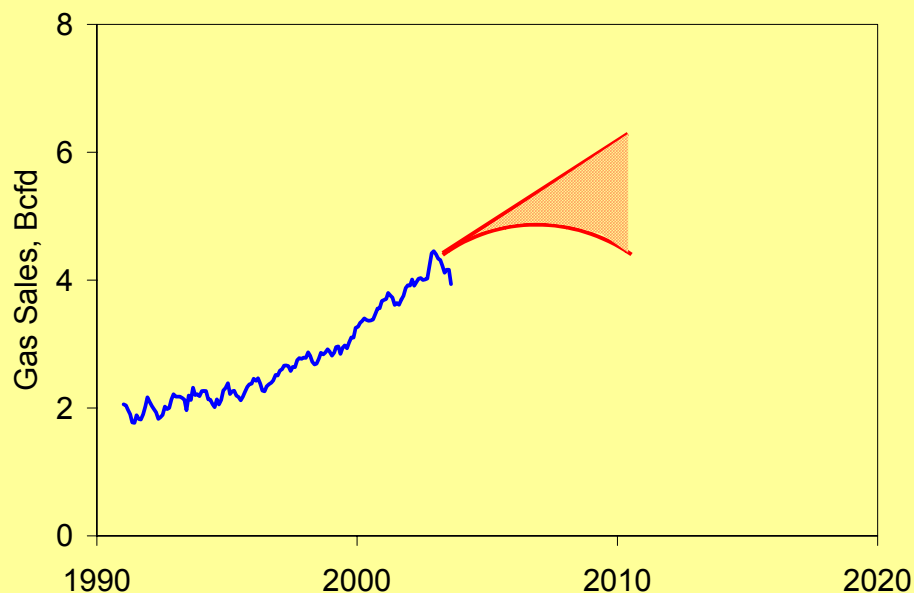
California Natural Gas Production

includes Federal OCS

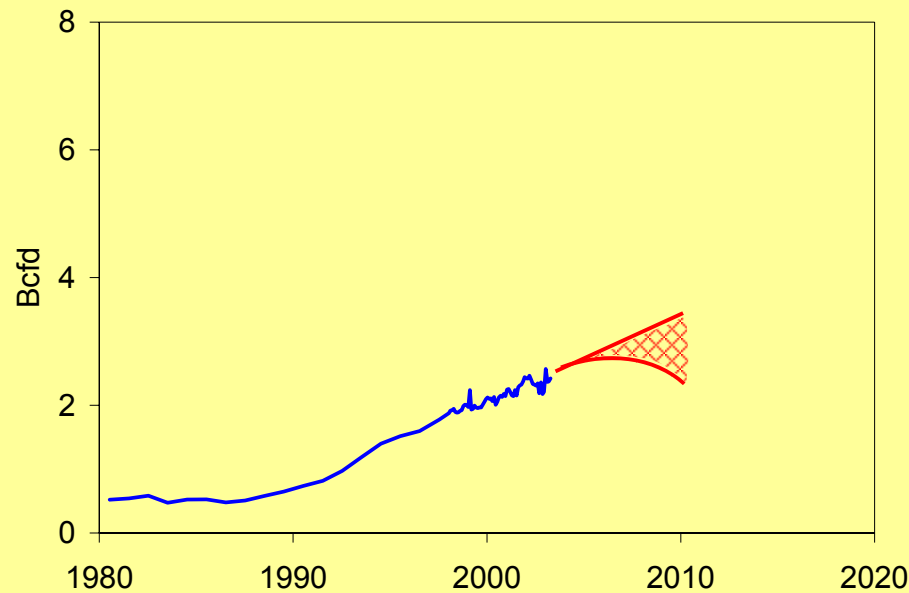


Unconventional gas production in Wyoming and Colorado unlikely to grow fast enough

Wyoming

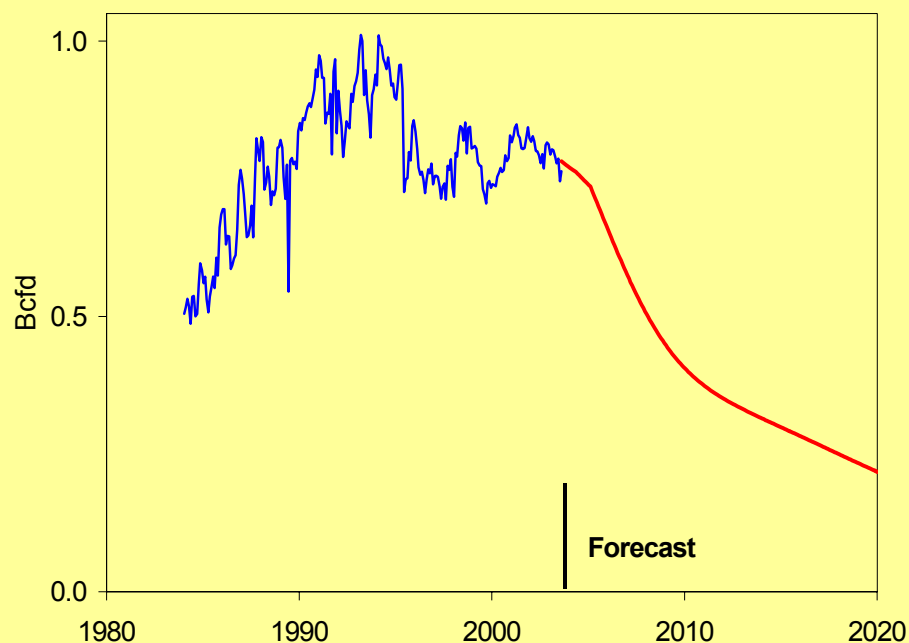


Colorado

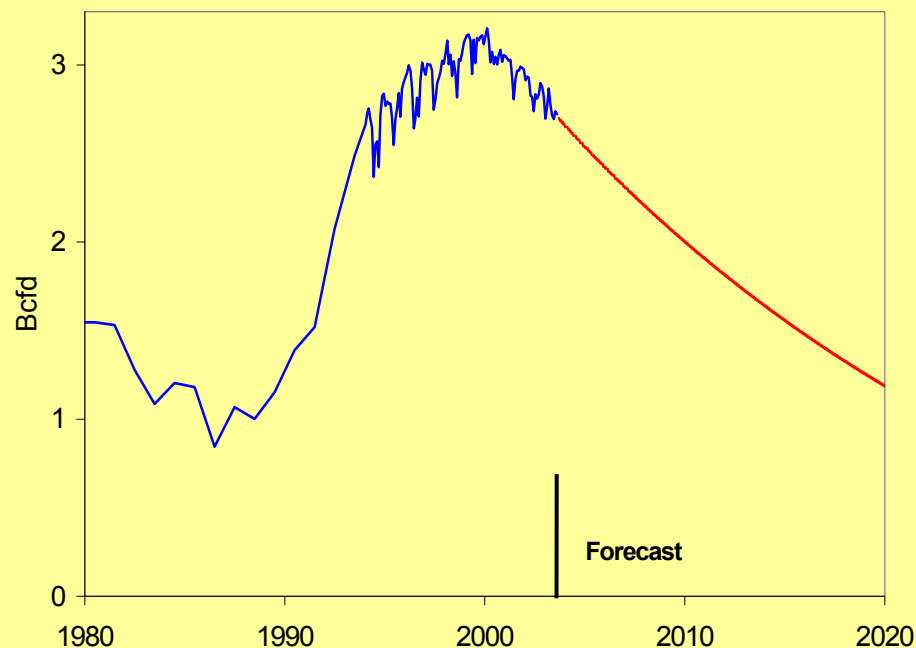


Utah & New Mexico SJB also declining

Utah Gas Production



New Mexico San Juan Basin Gas Production



If the gas resource assumptions for the CEC, NPC, DOE forecast models are correct:

- **why are reserve replacement rates so low?**
- **why are the production rate declines so high?**
- **why aren't drilling rig counts higher?**
- **why are the majors / large independent E&Ps allowing their North American production to decline?**

**Is California willing to bet its future on
timely production from
“very difficult” and environmentally-sensitive
non-conventional gas resources?**

**California has little choice but to allow the
development of LNG terminals –
the only decision is where and how**

**LNG is the low-risk and low-cost solution
for satisfying California & North America's
natural gas demand requirements**